



PUBLIC NOTICE AND AGENDA
MTC Income & Franchise Tax Uniformity Subcommittee Teleconference Meeting
Thursday, June 2, 2005
4:00 Eastern Time

I. Welcome and Introductions

Wood Miller, Chair of the Income and Franchise Tax Subcommittee, welcomed everyone. The following participant in the call:

Name	State or Affiliation
Wood Miller, Chair Subcomm.	MO
Mike Brownell	CA
Ben Miller	CA
Ted Spangler	ID
Janielle Lipscomb	OR
Paul Guthrie	OR
Gene Walborn	MT
Paul Caselton	IL
Frank Hales	UT
Danny Walker	AR
	KS
	PA
	WV
Ferdinand Hogroian	PWC
Eric Tresh	KPMG
Karen Bouche	
Diann Smith	COST
MTC Staff and Consultants	
Shirley Sicilian	Elliott Dubin
Frank Katz	

II. Public Comment Period

None offered

III. Brief Summary of A) Alternative Draft Model Uniform Statutes for Reportable Transactions and Filing Positions and B) Draft Model Uniform Statute for Voluntary Compliance

Shirley Sicilian gave a brief overview of the project status. She described the two draft Reportable Transactions statutes and explained the differences between them.

Alternative 2 would require TP report their filing positions in each state in which they do business for various items. Alternative 1 would require the TP determine whether there are any inconsistencies in these positions and only report the inconsistencies. She also briefly described the draft Voluntary Compliance Program statute. She recommended that the “material advisor” section be amended to more closely reflect the federal statute.

Diann Smith mentioned that IL, CA, NY and TN have adopted some form of Reportable Transaction statute. Shirley Sicilian mentioned that in addition to those states, a similar statute may have also been considered in NJ, CT, AZ, IN and MN.

IV. Committee Discussion and Action on Draft Statutes

Draft Model Reportable Transactions Statute:

The committee discussed the pro’s and con’s of the alternative approaches to Section III. Shirley Sicilian mentioned another alternative – that the TP not be required to report anything, but be required to maintain this data as filed in each state and provide it upon request to the tax department.

Representative from MT suggested that the term “income tax,” as it is used in Section I.1. of both draft statutes could be more explicitly defined by each state.

There was discussion regarding the definition of “listed transaction” in Section I.2. of both statutes as to whether identifying specific transactions through “the use of Informational Bulletins or other published Department guidance” would be allowable in some states. The group determined it is advisable to be able to identify these transactions and inform taxpayers quickly, through bulletins and such. In states in which that may not be possible already, the language in this draft would be key to enabling it.

Representative from CA suggested the disclosure required in Section III should not be required to be filed until 6 months following the return filing date, rather than attached to the return. The Committee agreed this was a good idea.

Representative from CA suggested the use of the conjunctive “or” in section III.C.iii. made the requirement appear to be an election and suggested using the term “if applicable” instead.

CA moved, and ID seconded approval Alternative 1 (inconsistent filing positions) with the changes discussed by the committee. IL, PA and ARK abstained. There were no dissenting votes and the motion passed.

Draft Model Voluntary Compliance Program Statute:

Shirley Sicilian summarized the draft model Statute. A representative from CA suggested restricting the amended returns filed under the voluntary compliance program to include only amendments related to reportable transactions, and not other offsets. Amended returns on other issues could be filed separately.

CA moved, and ID seconded approval of this draft model statute with the proposed amendment. IL, PA and ARK abstained. There were no dissenting votes and the motion passed.

V. Adjourn